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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92047433
Party	Defendant Jay-Y Enterprise Co., Inc.
Correspondence Address	KENNETH L WILTON SEYFARTH SHAW LLP 2029 CENTURY PARK E , SUITE 3500 LOS ANGELES, CA 90067-3021 UNITED STATES kwilton@seyfarth.com
Submission	Rebuttal Brief
Filer's Name	Kenneth L. Wilton
Filer's e-mail	kwilton@seyfarth.com, jsutherland@seyfarth.com
Signature	/Kenneth L. Wilton/
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GADO S.R.L.,

Petitioner,

v.

JAY-Y ENTERPRISE CO., INC.,

Respondent.

Cancellation No. 92047433

AND RELATED COUNTERCLAIM.

REPLY BRIEF OF JAY-Y ENTERPRISE CO., INC. AS PLAINTIFF IN THE
COUNTERCLAIM

Pursuant to Rule 2.128 of the Trademark Rules of Practice, Respondent and Counterclaimant Jay-Y Enterprise Co., Inc. hereby submits the following reply brief in support of its counterclaim petition to cancel Registration No. 3,108,433.

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I. INTRODUCTION

There are five marks at issue in these proceedings, and the evidence demonstrates the following dates of first use of each:

Gado's DOLCE & GABBANA mark:	1990
Jay-Y's DG Marks:	1993
Gado's D&G DOLCE & GABBANA mark:	1998
Gado's D&G mark:	1998
Gado's DG mark:	Unknown

Based on the foregoing timeline, to prevail on its petition Gado was required to prove that Jay-Y's DG Marks are confusingly similar to DOLCE & GABBANA.

The issue presented by Jay-Y's counterclaim is equally simple: If, in fact, there is a likelihood of confusion between Jay-Y's DG Marks and Gado's D&G mark, then Jay-Y is entitled to cancel Registration No. 3,108,433 (the "433 Registration") because it used its DG Marks in the United States years before Gado used its D&G mark in the United States.

In its Opposition to Jay-Y's Brief in support of the counterclaim, Gado has blurred the issues by positing that, because all of its so-called "Gado DG Marks" are famous, the Board should ignore Jay-Y's clear priority of use and award Gado the exclusive right to use DG, D&G and D&G DOLCE & GABBANA. What makes Gado's position more egregious is the condescension with which Gado has approached this entire proceeding.

Rather than present direct evidence to support its position, Gado has relied on a series of mischaracterizations of the record, hoping that the Board will overlook the fact that the actual evidence does not remotely support the statements made in Gado's briefs. For example, although Gado has squarely taken on the burden of proving fame for all of its marks and proving all of the elements of its petition for cancellation:

- It did not introduce any invoices reflecting actual sales of any goods under *any* of the Gado DG Marks;
- It did not introduce any United States sales figures for clothing or sunglasses sold under the DOLCE & GABBANA mark until 1997, four years after Jay-Y commenced use of its DG Marks;
- It did not introduce any United States sales figures for goods sold under the D&G DOLCE & GABBANA mark until 1998, five years after Jay-Y commenced use of its DG Marks;
- It did not introduce *any* United States sales figures for goods sold under either the DG mark or the D&G mark

Apparently recognizing its failure of proof, Gado has gone so far as to introduce new arguments and evidence in its Opposition brief, arguments that should have been raised at the pleading stage and evidence that should have been presented in its case-in-chief.

Gado's entire position in this proceeding is based on the principle that a subsequent user who outspends a prior user erases that prior user's rights, notwithstanding the fact that the prior user has continuously used and even registered its marks. There is no basis for such a "might makes right" approach to trademark law, and in fact the clear weight of authority requires a rejection of such a principle.

Because Jay-Y began using its DG Marks as early as 1993, well before Gado began use of the D&G mark, Jay-Y has clear priority. Accordingly, if the Board finds that the D&G mark is confusingly similar to Jay-Y's DG Marks, Jay-Y should prevail on its counterclaim.

II. STANDARD FOR CANCELLATION

Jay-Y seeks cancellation of Gado's '433 Registration on the grounds of likelihood of confusion. (Counterclaim, ¶¶ 45-50.) In order to prevail on its petition, Jay-Y was required to prove that a) it had a proprietary interest in its DG Marks before either the filing date of Gado's application to register the "D&G" mark or Gado's proven date of first use of that mark, whichever is earlier, and b) the "D&G" mark is confusingly similar to Jay-Y's DG Marks.

Herbko International Inc. v. Kappa Books Inc., 308 F.3d 1156, 64 USPQ2d 1375, 1378 (Fed. Cir. 2002); *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 USPQ2d 1842, 1844 (Fed. Cir. 2000).

III. STANDARD TO PROVE PRIORITY

The general rule of priority provides that ownership of a mark goes to the party who first made “bona fide use of a mark in the ordinary course of trade, and not merely to reserve a right in a mark.” 15 U.S.C. §1127; *Automedx Inc. v. Artivent Corp.*, 95 USPQ2d 1976, 1981-82 (TTAB 2010).

Priority may be based upon a single sale or shipment in trade when followed by continuous commercial utilization. *Allard Enterprises Inc. v. Advanced Programming Resources Inc.*, 146 F.3d 350, 46 USPQ2d 1865, 1873 (6th Cir. 1998); *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260, 185 USPQ 1, 4 (5th Cir. 1975). “Use in commerce should be interpreted with flexibility to account for different industry practices.” *Automedx*, 95 USPQ2d at 1981. While priority can be demonstrated through “clear, consistent, convincing, and uncontradicted” oral testimony that the mark was used in intrastate commerce (*Panda Travel Inc. v. Resort Option Enterprises Inc.*, 94 USPQ2d 1789, 1795 and n.15 (TTAB 2009)), if a party seeks to prove an earlier date of first use than alleged in its application for registration it must do so by clear and convincing evidence (*Elder MFG. Co. v. International Shoe Co.*, 92 USPQ 330, 332 (CCPA 1952)).

Gado filed its application that matured to the ‘433 Registration on June 28, 2004, asserting a date of first use of December 31, 1998¹ with regard to the goods in class 9, namely

¹ The application asserts a date of first use for Class 9 goods of “1998” and for Class 18 and 25 goods of “1997.” Because only a year was given as the date of first use, the date presumed for purposes of priority is the last day of the year. See *Osage Oil & Transportation, Inc. v. Standard*

“spectacles, sunglasses, spectacle frames, spectacle lenses, spectacle cases, contact lenses” and December 31, 1997 with regard to class 18 and 25 goods.

Gado, as it did in its Opening Brief, has tried to avoid the priority question by blending all of its marks into the term “Gado DG Marks” and claiming that the “Gado DG Marks have priority over the Jay-Y DG Marks.” (Pet. Reply Brf. p. 21.) As discussed below, given the legal non-equivalents of the marks – DOLCE & GABBANA, D&G DOLCE & GABBANA, D&G and DG – such tacking is not allowed and each must be analyzed separately. When the proper separate priority and likelihood of confusion analyses are conducted, it becomes clear that Jay-Y should prevail on its counterclaim.

IV. JAY-Y HAS PROVEN BY CLEAR AND CONVINCING EVIDENCE THAT IT FIRST USED ITS DG MARKS IN 1993

The uncontradicted evidence demonstrates that Jay-Y’s use of the DG Marks has followed the classic history of the development of a mark: Ever-expanding sales of goods under the mark followed by protection of the mark through registration. Jay-Y adopted the DG mark in 1993, during which it sold 336 pairs of sunglasses under the mark in 16 States; in 1994 it sold 11,460 pairs in 21 States; by 1998 those sales had increased to over 103,182 pairs of sunglasses in at least 41 States. (See T. Chen Depo. 99:22-100:9 (verifying that Jay-Y was selling sunglasses under the DG mark in 1993); T. Chen Depo. Exhs. 134, 137, 142, 143, 145, 150, 152, 154, 156, 160, 162, 164, 166, 168, 170, 172); Jay-Y’s Opening Brief at Section II.C.) In 2000 and 2001, Jay-Y filed applications to register two of its DG Marks, each of which matured to the registrations at issue.

Oil Co., 226 USPQ 905, 911 n.22 (TTAB 1985); *Donut Shops Management Corporation v. Mace*, 209 USPQ 615, 624 (TTAB 1981).

A. Gado's De Minimis Argument Is Inapplicable And Unsupported

Having no sales or advertising of its own to establish use prior to Jay-Y's first use of the DG Marks, Gado resorts to arguing Jay-Y's sales in 1993 and 1994 were too minimal to confer priority, applying a doctrine that has no application in this situation. Specifically, Gado characterizes Jay-Y's initial sales activity as "exceedingly limited and [] not substantial enough to warrant a finding of nationwide priority." (Pet. Reply Brf. p. 9 (citing *Sweetarts v. Sunline, Inc.*, 380 F.2d 923, 154 USPQ 459, 464-465 (8th Cir. 1967))). Gado misreads *Sweetarts*.

Sweetarts addressed the scope of common law protection afforded to two users of an identical mark operating in separate and distinct geographic regions, a question not at issue here. *Sweetarts*, 154 USPQ at 463-464. The court held that while the senior user obtained protection in those market areas which it had developed, it was not entitled to protection in the areas where it had made only "small, sporadic and inconsequential" sales because defendant had developed those markets independently. *Id.* What *Sweetarts* did not address was the situation presented here: Where the junior user of a mark seeks to cancel a registration obtained by a senior user. In fact, there is no precedent for Gado's position. *See, e.g., The Wella Corp. v. California Concept Corp.*, 192 USPQ 158, 162 (TTAB 1976) (finding that "[Opposer] is both the prior registrant and the prior user of the mark [at issue] in commerce," and fact "[t]hat [Applicant] may be currently enjoying greater financial success under its [] marks than [Opposer] cannot alter these facts nor the fact that [Opposer] possesses a ... a proprietary right therein sufficient to preclude the registration by a subsequent user of the same or a similar mark....")

Moreover, Gado has not even presented evidence to support a *Sweetarts* analysis. It has not presented any evidence that it developed **any** market area in the United States in connection with the D&G mark during the period from 1993 through at least 1998, and has not presented

any evidence regarding whether it can claim priority in any part of the United States. By comparison, in *Sweetarts* the defendant presented evidence of the geographic location of its sales, which allowed the court to determine the scope of each parties' common law rights.²

B. Gado's Later Advertising Expenditures Do Not Negate Jay-Y's First Use Of Its DG Marks

Gado asserts that, because it has "significant advertising expenditures in promoting the D&G DOLCE & GABBANA line, the equities favor a finding that Gado has priority in the D&G DOLCE & GABBANA and D&G marks." (Pet. Reply Brf. p. 10.) Not only does this argument fail from a lack of properly presented evidence to support it, it flies in the face of the purpose of the Lanham Act and the very authority Gado cites.

As discussed in Jay-Y's concurrently filed Evidentiary Objections, the evidence of advertising upon which Gado predicates this argument – the testimony of Roberto Lupano – was presented on rebuttal, and not mentioned in its Opening Brief. In Gado's case-in-chief, however, it expressly asserted that its "D&G DOLCE & GABBANA and D&G marks are famous and distinctive." (Pet. Opening Brf. p. 21.) Yet it waited until its rebuttal testimony period to depose Mr. Lupano and attempt to introduce evidence of advertising under those marks. Because the testimony was improperly presented, it must be excluded and not considered. *Automedex*, 95 USPQ2d at 1977 ("evidence which should constitute part of [the] case in chief, but which is made of record during the rebuttal period, is not considered when the [other party] objects").

² Gado's citation to *Dogloo, Inc. v. Doskocil Manufacturing Co.*, 893 F.Supp. 911, 35 USPQ2d 1405 (C.D. Cal. 1995) does not alter this conclusion. In *Dogloo*, the plaintiff sought a preliminary injunction based on its use and registration of its product configuration mark. Defendant tried to defend by asserting use of a similar shape by a company defendant previously had purchased. The court, while rejecting the notion that the sales by the defendant's predecessor in Idaho conferred priority, excluded the State of Idaho from the scope of its injunction based on those sales. *Id.* at 1411-12.

More importantly, there is no equitable principle that supports the notion that, simply because Gado spent more money on advertising, it is entitled to take Jay-Y's DG Marks. In fact, the weight of authority is to the contrary.

One of the goals of the Lanham Act is "to protect the owner of the trademark, who has invested time, energy and money in presenting his product to the public and generating the goodwill which the trademark signifies, from its misappropriation." *See* H.R. Rep. No. 219, 79th Cong. 1st Sess. 2 (1945), S. Rep. No. 1333, 79th Cong. 2d Sess. 3 (1946); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 23 USPQ2d 1081, 505 U.S. 763, 782, n.15, 112 S. Ct. 2753 (1992) (Stevens, concurring). The doctrine of reverse confusion recognizes the Lanham Act's goal of protecting a trademark owner's investment.

Reverse confusion occurs when a large junior user saturates the market with a trademark similar or identical to that of a smaller, senior user. *See, e.g., Hilson Research Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423 (TTAB 1993); *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365, 154 USPQ 417 (10th Cir. 1977); *Banff, Ltd. v. Federated Dept. Stores, Inc.*, 841 F.2d 486, 6 USPQ2d 1187 (2d Cir. 1988); *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 24 USPQ2d 1001 (7th Cir. 1992). "The result is that the senior user loses the value of the trademark – its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets." *Id.* The junior user's notoriety allows it to effectively rob the lesser known senior user of the ability to use its trademark and to make the senior user's mark devoid of independent value.

Jay-Y has used its DG marks in connection with its sunglasses for nearly twenty years. During this time, Jay-Y has invested significant time, energy and money in promoting and selling its sunglasses in connection with the DG marks. Awarding priority to Gado based on its

subsequent use of the D&G mark, merely because Gado has allegedly outspent Jay-Y on promoting its D&G mark, clearly contravenes the Lanham Act's goal of protecting the investment of a trademark owner.

C. Gado's Assertion That Sales To Wholesalers Do Not Establish Trademark Rights Is Meritless

Gado insinuates in its opposition that the nature of Jay-Y's sales to wholesalers affects whether Jay-Y's sales figures demonstrate priority. (See Pet. Reply Brf. p. 9) ("Jay-Y sold only 28 dozen pairs of eyewear to wholesalers in 1993"). However, the Board has squarely rejected such an argument, finding that the sale and shipment of products bearing a trademark to one's distributor is clearly sufficient to establish trademark rights. *Raintree Publishers, Inc. v. Brewer*, 218 USPQ 272, 274 (TTAB 1983) (rejecting respondent's argument that the petitioner's first sales to its distributor rather than an ultimate purchaser did not constitute public use of the mark).

D. Gado's Ornamentation Argument Is Untimely And Meritless

In a last-ditch attempt to avoid the clear consequences of Jay-Y evidentiary showing, Gado argues for the first time in its Opposition Brief that Jay-Y's use of DG is ornamental. (See Pet. Reply Brf. p. 9). Having failed to assert this defense in its pleadings, during discovery, or at trial, Gado is procedurally precluded from asserting it now. Moreover, the argument is unavailing in any event because Jay-Y's use of its DG Marks creates the commercial impression of a trademark.

1. Gado Is Precluded From Arguing That Jay-Y's Use Of Its DG Marks Is Merely Ornamental

A claim that a mark is merely ornamental constitutes a separate ground for cancellation or opposition. *Goodyear Tire & Rubber Co. v. Vogue Tyre & Rubber Co.*, 47 USPQ2d 1748, 1750 (TTAB 1998); *Kassnar Imports v. Plastilite Corp.*, 180 USPQ 156, 156-157 (TTAB 1973), *aff'd*, 508 F.2d 824, 184 USPQ 348, 350 (C.C.P.A. 1975). Gado, however, never raised

ornamentation in its petition for cancellation (Docket No. 1), never raised it as a defense to Jay-Y's counterclaim (Docket No. 48)³, introduced no related evidence, and never mentioned it in its Principal Brief.

A petitioner may not rely upon an un-pleaded claim unless the petitioner's complaint is amended. *Hornby v. TJX Companies, Inc.*, 87 USPQ2d 1411, 1415 (TTAB 2008);

Herbaceuticals, Inc. v. Xel Herbaceuticals, 86 USPQ2d 1572, 1576, n.4 (TTAB 2008).

Accordingly, Gado cannot now raise a separate statutory ground in its opposition to Jay-Y's counterclaim without first amending its complaint under Federal Rules of Civil Procedure 15(a) or (b), which Gado has not done. *See H-D Michigan, Inc. v. Boutique Unisexe El Baraka, Inc.*, 2004 TTAB LEXIS 595, at *21-22 (TTAB, May 18, 2004) (refusing to consider defendant's affirmative defense of ornamentation for failure to properly amend its answers to opposition and petition to cancel).

Further, allowing Gado to simply raise the issue in a brief at this late stage without amending its petition or answer is prejudicial to Jay-Y as there has been no trial or pleadings on the issue. *H-D Michigan*, 2004 TTAB LEXIS at *22; *Hornby*, 87 USPQ2d at 1415 (unpleaded ground cannot be considered when respondent was not aware of claim until after trial).

2. Jay-Y's DG Marks Are Not Merely Ornamental⁴

Ornamental matter serves not as a source indicator but as merely a decorative feature. *In re Paramount Pictures Corp.*, 213 USPQ 1111, 1113 (TTAB 1982). In order to determine

³ Gado asserts affirmative defenses of priority, estoppel/unclean hands, and laches.

⁴ This argument is presented without conceding that a merely ornamental claim has properly been presented by Gado. *See* TBMP § 707.02(c) ("Because the parties to an inter partes Board proceeding generally will not know until final decision whether a substantive objection to a notice of reliance has been sustained, they should argue the matter alternatively in their briefs on the case").

whether matter is ornamental or source indicating, courts and the Board consider: 1) whether the matter creates the commercial impression of a trademark (*In re Right-On Co.*, 87 USPQ2d 1152, 1156 (TTAB 2008)); 2) whether or not the use of the matter is a refinement of common industry standard (*In re General Tire & Rubber Co.*, 404 F.2d 1396, 1398, 160 USPQ 415, 417 (C.C.P.A. 1969); *In re Chung, Jeanne & Kim Co.*, 226 USPQ 938, 941-942 (TTAB 1985)); 3) whether the matter indicates a secondary source, if applicable (*In re Paramount Pictures Corp.*, 213 USPQ 1111, 1112 (TTAB 1982)); and 4) whether the matter has acquired distinctiveness (*In re Right-On Co.*, 87 USPQ2d 1152, 1155 (TTAB 2008)).

In light of Gado's tactics, only the first two factors are applicable to the present analysis. Though only limited evidence is available regarding commercial impression and industry usage, Jay-Y's DG Marks clearly serve a source identifying, rather than decorative, function.

a. Jay-Y's DG Mark Creates The Commercial Impression Of A Trademark

In determining the commercial impression of a mark, the size, location and dominance of the matter are at issue. *See In re Right-On Co.*, 87 USPQ2d 1152, 1156 (TTAB 2008). While a large, prominently displayed design emblazoned across the goods does not generally serve a trademark function, "[a] small, neat and discrete word or design feature (e.g., small design of animal over pocket or breast portion of shirt) may be likely to create the commercial impression of a trademark." *Id.*

Here, Jay-Y's DG Marks create the commercial impression of a trademark. First, the DG lettering is small in size relative to the overall size of each pair of glasses. (See, e.g., Exh. 101, p. 3 (JAY-Y11241.)) The small lettering is discretely located on the side earpiece rather than emblazoned across the front of the eyewear. Second, although Gado's actions precluded Jay-Y from introducing evidence directed to this issue, there is evidence of record indicating that it is

common practice in the sunglass industry to affix marks in that location. (See J. Chen Depo. Exh. 35.) Exhibit 35 depicts a pair of women's sunglasses bearing a design mark (apparently owned by Emporio Armani) in the manner described above. Similar placement of a mark on sunglasses can be seen in the specimens submitted in connection with Registration Nos. 2,135,219 (showing PRADA mark on temple), 2,237,852 (showing Nike's Swoosh Design Mark on temple), 3,151,994 (showing Oakley's O mark on temple), and 4,048,831 (showing lion crest design mark on temple).⁵ Jay-Y employs an identical manner of affixing its DG Marks at the temple of its sunglasses. (See T. Chen Depo., Exhs. 100 - 130.)

b. Jay-Y's DG Mark Is Unique And Unusual In The Sunglass Industry

While matter that is well-known and commonly adopted by the industry as a decorative feature for a particular class of goods is unregistrable as ornamentation (*In re General Tire & Rubber Co.*, 404 F.2d 1396, 160 USPQ 415, 417 (CCPA 1969)), matter that is arbitrary or unique is not (*In re M & N Plastics, Inc.*, 2004 TTAB LEXIS 102 at *9 (TTAB 2004)). There is no evidence that placing the letters "D" and "G" on the earpiece of sunglasses would be viewed by the consuming public as simply decoration, and Gado's entire case belies such a position. Jay-Y's use of the DG Marks has always been as a trademark that (until Gado began use of the same mark) identified Jay-Y as the exclusive source of sunglasses sold under the marks.

Even had it been properly before the Board, Gado's ornamentation claim or defense fails.

⁵ Jay-Y understands these registrations were not made of record and therefore cannot be relied upon as evidence. However, because Jay-Y had no opportunity to produce evidence in opposition to this claim, it seeks only to provide some basis upon which the Board may determine Jay-Y's use is not ornamental if, in fact, the Board decides to consider the arguments.

V. GADO HAS FAILED TO PROVE FIRST USE OF THE D&G DOLCE & GABBANA, D&G OR DG MARKS PRIOR TO JAY-Y'S FIRST USE

In the scant two pages Gado devotes to addressing Jay-Y's counterclaim, it asserts that "the Gado DG Marks have priority over the Jay-Y DG Marks," referencing back to pages 5 to 10 of its Reply Brief. (Pet. Reply Brf. p. 21.) Of course, the only mark at issue on the counterclaim is the D&G mark that is the subject of the '433 Registration. Regardless, other than its DOLCE & GABBANA mark – which is not confusingly similar to Jay-Y's DG Marks in any event – Gado has failed to prove that any of its other marks were used prior to the first use of Jay-Y's DG Marks.

A. Gado Cannot Tack Use Of Its Marks Together To Create Priority Where None Exists

Although it never expressly states as much, in both its Opening Brief and in Reply Gado has attempted to tack its prior use of DOLCE & GABBANA onto all of its subsequently adopted marks in an effort to defeat Jay-Y's clear priority. Gado cannot meet the standard for tacking.

The standard for tacking is very strict and tacking in general is permitted only in "rare instances." *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 17 USPQ2d 1866, 1869 (Fed. Cir. 1991). As the Board has stated:

"In order to tack on prior use of one mark on to another, the marks must be legal equivalents. To meet the legal equivalents test, the marks must be indistinguishable from one another or create the same, continuing commercial impression such that the consumer would consider both as the same mark."

Wet Seal Inc. v. FD Management Inc., 82 USPQ2d 1629, 1635-36 (TTAB 2007) (finding that neither ELIZABETH ARDEN and ARDENBEAUTY nor ARDEN and ARDENBEAUTY are legal equivalents). Moreover, a party cannot rely on the purported fame of its first-used mark to support tacking, nor can it rely on an alleged likelihood of confusion between its first-used mark and its later marks. *Id.* at 1636.

Because of the relative dearth of evidence presented by Gado, and its failure to segregate even that limited evidence by the marks it is asserting, Gado's falls woefully short of proving that any of its later marks have priority over Jay-Y's DG Marks.

B. Gado's Evidence Does Not Support A First Use Of D&G Prior To, At Best, 1998

Gado claims that its date of first use of its "D&G" mark is "the Fall of 1995, if not earlier." (Pet. Reply Brf. p. 7). Gado presented no sales figures to support this claim, no sales invoices, no bills of lading, no sales receipts, or any other direct evidence tying use of the "D&G" mark to sales of merchandise of any kind – for any year, much less 1995. Instead, Gado lumps the D&G DOLCE & GABBANA and D&G marks together, and claims that the marks have a date of first use "no later than September 1995" when they appeared in advertising and editorial coverage. (Pet. Reply Brf. p. 7). Specifically, Gado cites to five articles (Forte Depo. Exh. 17 (September 1995 Details Magazine), p. 30 and NOR 51, 55, 57 and 58) and Exhibit 49. None of these establish use of the D&G mark in the United States, let alone use as early as September 1995.

Exhibit 17, p. 0030 consists of a magazine page that includes two photographs of individuals wearing clothing bearing the "D&G DOLCE & GABBANA" mark. There is no indication when or where the photographs or taken. As discussed in Jay-Y's concurrently filed Evidentiary Objections, the photographs are inadmissible to the extent Gado is relying on them to show use of a mark in the United States. Moreover, they do not show use of the D&G mark.

The references in the articles are even more attenuated. NOR 51 (dated December 15, 1994), includes a statement that during the interview Mr. Dolce "sported a baseball cap with the D&G initials." The statement is plainly inadmissible hearsay, and cannot be relied upon to establish the truth of the matter asserted, namely that Mr. Dolce was, in fact, wearing a hat with

the “D&G” initials. Additionally, there is no evidence in the record to establish that the hat worn by Mr. Dolce was available for sale or had been sold in the United States.

The reference to “D&G” in NOR 55, an article dated March 9, 1992 about a fashion show in Milan, Italy, refers to Mr. Dolce and Mr. Gabbana as “the D&G team”, and as such, does not mention, let alone demonstrate, use of “D&G” as a trademark.

The reference to “D&G” in NOR 57, a March 22, 1995 article about the “expected” opening of the first Dolce & Gabbana store in the United States, includes nothing more than that the store will feature the Dolce & Gabbana line, “not the secondary D&G lines.” While arguably the phrase refers to the “D&G” mark, it indicates that goods are *not* being sold under the mark in the United States.

Finally, the reference to “D&G” in NOR 58 (an article dated June 25, 1993), contains a reference to “D&G” as a trade name (“that D&G will be leasing ...”), and more specifically as an abbreviation for the “Milanese design firm Dolce & Gabbana.”

With regard to Exhibit 49, even had it been properly introduced, the advertising figures contained therein do not establish that the date of first use of the “D&G DOLCE & GABBANA” mark was September 1995. As discussed below, at best advertising might be considered analogous use if it has a “significant impact on the purchasing public,” but the advertising expenditures introduced through the testimony of Mr. Lupano fall well short of meeting that standard. Moreover, they certainly do not support the notion that the “D&G” mark was first used on that date. D&G DOLCE & GABBANA and D&G create distinct commercial impressions and are not legally equivalent. Therefore, the date of first use of the “D&G DOLCE & GABBANA” mark is not necessarily the date of first use of the “D&G” mark.

As noted above, because Gado asserted in its '433 Registration that it first used the D&G mark in 1997 on clothing and bags, and in 1998 on sunglasses, it was required to present clear and convincing evidence to prove a date of first use prior to those dates. *Elder MFG. Co.*, 92 USPQ at 332. The sparse, and mostly inadmissible, evidence Gado has presented does not come close to meeting its heavy burden of proof.

C. Gado's Analogous Use Argument Is Meritless

In its Reply Brief, Gado argues for the first time during this proceeding that the so-called Gado DG Marks have priority because Gado made analogous use of them. (Pet. Reply Brf. p. 5-6.) Although use analogous to trademark use can be sufficient to create a proprietary right in the user for purposes of a likelihood of confusion claim, such use must be more than mere advertising. *Westrex Corp. v. New Sensor Corp.*, 83 USPQ2d 1215, 1218 (TTAB 2007). In *T.A.B. Systems v. PacTel Teletrac*, 77 F.3d 1156, 37 USPQ2d 1879, 1882 (Fed. Cir. 2002), the Court of Appeals for the Federal Circuit summarized the test for the sufficiency of analogous use efforts: “[W]hether it was sufficiently clear, widespread and repetitive to create the required association in the minds of the potential purchasers between the mark as an indicator of a particular source and the [product or] service to become available later.” *Id.* Thus, the analogous trademark use must be shown to have had a substantial impact on the purchasing public. *Id.*

Gado's evidence has plainly failed to meet the strict standards necessary to prove analogous use of “D&G DOLCE & GABBANA” and “D&G” prior to 1998,⁶ and “DG” at any time. With regard to “D&G DOLCE & GABBANA,” Gado presented a single page from a

⁶ Even the 1998 date is charitable, in that Gado's evidence is far from clear that either of these marks were actually used at that time.

single magazine as evidence of analogous use. (Forte Depo. Exh. 17.) For “D&G,” Gado presented evidence of four inadmissible articles. (NOR 51, 55, 57, 58.) For “DG”, Gado’s evidence consisted of nothing more than Ms. Forte’s testimony regarding the purported use of “DG” on a tiepin (see Jay-Y’s Opening Brief at 12) and a purse, and in fashion shows and Linda Evangelista advertisements, without any specifics of whether any of these sighting occurred in the United States. The law is clear that analogous use requires far more to confer priority. *Old Swiss House, Inc. v. Anheuser-Busch, Inc.*, 569 F.2d 1130, 196 USPQ 808, 810 (CCPA 1978) (rejecting analogous use where the un-contradicted evidence consisted of “12 articles, each published only once, which appeared in various newspapers and trade journals between December 27, 1963, and April 1, 1964, and a single speech, on April 22, 1964, by one of [the petitioner’s] vice-presidents at a shareholders’ meeting”); *T.A.B. Systems*, 37 USPQ2d at 1882 (rejecting analogous use priority where the evidence consisted of: (1) one press release that was circulated by a national wire service, and where the record contained no evidence to indicate how many potential consumers may have been reached by that wire service story, (2) 300 press kits, (3) a slide show shown to seven potential customers, (4) brochures disseminated to the public, and (5) 11 news articles published from September to October 1989).⁷

VI. IF THE BOARD DECIDES THAT JAY-Y’S DG MARKS ARE CONFUSINGLY SIMILAR TO GADO’S D&G MARK, THE BOARD SHOULD GRANT JAY-Y’S COUNTER-CLAIM

Jay-Y has pleaded that, if Gado is successful in proving that its D&G mark shown in the ‘433 Registration is confusingly similar to Jay-Y’s DG Marks, then Jay-Y is entitled to cancellation because Jay-Y, not Gado, has the priority of use. (Counterclaim, ¶ 50.) Instead of

⁷ In so finding, the Court also pointed out that the mark had appeared in news articles as opposed to advertisements. *Id.* at 1884.

addressing this argument, Gado attempts to distract the Board by asserting that, in order to prevail on its counterclaim, Jay-Y must prove that there has been actual *reverse* confusion. (Pet. Reply Brf. p. 21.) For the reasons set forth below, Gado’s argument is inapt.

A. Reverse Confusion Is Not Applicable Here

Gado argues that the Board’s analysis with regard to Jay-Y’s counterclaim should “consist of determining whether there is a likelihood of ‘reverse confusion’ in light of Dolce & Gabbana’s marks [sic] undisputed fame.” (Pet. Reply Brf. p. 21). This argument fails for two reasons.

First, the fame of the DOLCE & GABBANA, D&G DOLCE & GABBANA and DG marks are irrelevant to Jay-Y’s counterclaim that there is a likelihood of confusion between Gado’s D&G and Jay-Y’s DG mark. Moreover, even were the fame of the DOLCE & GABBANA, D&G DOLCE & GABBANA and DG marks relevant, the only senior mark is the DOLCE & GABBANA mark, which is not famous, and most certainly was not famous at the time that Jay-Y first used its DG mark, namely 1993.⁸ Additionally, as set forth above, even if a junior user’s marks have become famous, that cannot and does not erase a senior user’s rights.

Second, the record does not contain evidence to support a finding that Gado’s D&G mark is famous or that Gado has saturated the market with its “D&G” mark. As stated many times, Gado has failed to introduce any evidence that reflects sales of merchandise bearing the D&G mark.

⁸ As set forth in its Response to Petitioner’s Principal Brief, the fame of the Gado marks at the time that Jay-Y first used its DG marks is relevant to a likelihood of confusion analysis, not the fame of the Gado marks at the time that Gado seeks to cancel Jay-Y’s registrations for its DG marks.

B. Gado Misstates The Standard For Reverse Confusion

In addition to attempting to address an argument never raised by Jay-Y, Gado's assertion that Jay-Y cannot prove its counterclaim unless it proves that "[Jay-Y's] customers thought they were dealing with Dolce & Gabbana when in fact they were dealing with Jay-Y" is wrong. There is no such burden in a "reverse confusion" case.

According to the Board, the issue in proceedings involving reverse confusion is "whether or not consumers purchasing the senior user's [goods or] services would mistakenly believe that they are getting [goods or] services sponsored by or affiliated with the junior user." *Hilson Research Inc. v. Society for Human Resource Management*, 27 USPQ2d 1423, 1429 (TTAB 1993). In determining whether there is reverse confusion, the Board considers the relevant *Dupont* factors, the same factors considered when determining whether there is a likelihood of "forward" confusion. *See id.* (applying *DuPont* factors to determine whether there was reverse confusion). Actual confusion, like in a "forward" confusion analysis, is not essential to proving a case of reverse confusion. *Id.* at 1435.

Therefore, as articulated above, if Gado is successful in proving that its D&G mark shown in the '433 Registration is confusingly similar to Jay-Y's DG marks, then Jay-Y is entitled to cancellation.

Moreover, although Jay-Y does not base its counterclaim on reverse confusion, and assuming *arguendo* that the D&G mark has "saturated the marketplace" such that reverse confusion applies, as Gado notes there is some very limited evidence of actual confusion. (Pet. Reply Brf. p. 21.) More specifically, Jay-Y responded to discovery and stated:

"Sometime between 2005 and 2006, when Petitioner began using as its logo the letters 'DG' in an interlocking manner similar to Respondent's Marks, a few of Respondent's customers began asking Respondent whether Respondent's products sold under Respondent's Marks were Petitioner's."

(See Pet. NOR, Exh. 77 (Resp. Rog. No. 27)). This evidence of actual confusion, therefore, also supports cancellation of Gado's '433 Registration.

VII. CONCLUSION

For the foregoing reasons, Jay-Y respectfully requests that Gado's petition to cancel Registration Nos. 2,582,314 and 2,663,337 be denied.

Jay-Y further respectfully requests that, if the Board finds that Jay-Y's DG marks are confusingly similar to Gado's D&G mark, Jay-Y's petition to cancel Registration No. 3,108,433 be granted.

SEYFARTH SHAW LLP

Dated: December 23, 2011

s/ Kenneth L. Wilton

Kenneth L. Wilton

Julia K. Sutherland

Attorneys for Respondent and Counterclaimant
JAY-Y ENTERPRISE CO., INC.

2029 Century Park East, Suite 3500

Los Angeles, CA 90067-3021

Telephone: (310) 277-7200

Facsimile: (310) 201-5219

CERTIFICATE OF SERVICE

I hereby certify that on December 23, 2011, I served the foregoing REPLY BRIEF OF JAY-Y ENTERPRISE CO., INC. AS PLAINTIFF IN THE COUNTERCLAIM on Petitioner and Counterclaim Respondent Gado S.R.L. (“Gado”) by depositing a true copy thereof in a sealed envelope, postage prepaid, in First Class U.S. mail addressed to Gado’s counsel as follows:

Mark Lerner, Esq.
Robert Carrillo, Esq.
Satterlee, Stephens, Burke & Burke LLP
230 Park Avenue, 11th Floor
New York, NY 10169

/s/ Kenneth L. Wilton

Kenneth L. Wilton

